

## FRANCHISE DISCLOSURE DOCUMENT

### IDEAL SIDING FRANCHISING (USA) INC.

A Delaware corporation  
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## IDEALSIDING

The franchisee will operate a business that provides professional home siding services to homeowner clients, as well as providing other ancillary and related services using the Ideal Siding business system (the “System”). The total investment necessary to begin operation of an Ideal Siding franchise ranges from \$52,500 - \$127,700. This includes \$20,000 to \$50,000 that must be paid to the franchisor and/or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: August 19, 2021

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D and E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Ideal Siding business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Ideal Siding franchisee?</b>	Item 20 or Exhibit D and E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
4. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration in Vancouver, BC and litigation only in Seattle, Washington State. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate in Vancouver, BC, or litigate with the franchisor in Seattle, Washington State than in your own state.
5. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
6. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**IDEAL SIDING FRANCHISING (USA) INC.  
Franchise Disclosure Document**

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**ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Ideal Siding Franchising (USA) Inc., the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of an Ideal Siding franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a corporation in the state of Delaware, in March 2021. Our principal business address is 651 N. Broad Street, Suite 206, Middletown, Delaware, and our telephone number is 1 855-574-3464. We do business under our company name, “Ideal Siding” and its associated design (the “Marks”). Our parent company, Ideal Siding Franchising, Inc., a British Columbia company incorporated in April 2019, is owned by Celsior Holding Group, Ltd., a British Columbia company incorporated in April 2019 which has registered, or has filed for registration, our primary service marks on the Principal Register of the United States Patent and Trademark Office. We began offering franchises on the Issuance Date of this Disclosure Document. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business, and we have no affiliates.

The principal business addresses of our agents for service of process are shown on Exhibit A.

**Our Parents, Predecessors and Affiliates**

We have two parent companies. Ideal Siding Franchising, Inc., a company in British Columbia, Canada with a principal place of business at 504 – 1111 Barclay Street, Vancouver, British Columbia V6E 1G9. Ideal Siding Franchising, Inc. was formed on April 25, 2019.

The parent company to Ideal Siding Franchising, Inc. is Celsior Holding Group, Ltd. (“Celsior”), a British Columbia company that was incorporated on April 25, 2019. Celsior owns the System and the Marks. Pursuant to an inter-company license agreement between Celsior and Ideal Siding Franchising, Inc., Celsior has granted to Ideal Siding Franchising, Inc. and us the exclusive license to use the System and the Marks and to license the system and the Marks to others.

We have no affiliates.

We have no predecessors.

## **The Franchise Offered**

We offer franchises for the right to operate a business to professionally provide home siding services to homeowner clients (the “Clients”), as well as providing other ancillary and related services using the Ideal Siding business system (the System). You, the Franchisee, will provide home siding services under the Ideal Siding Marks and use our distinctive operating procedures and standards in a limited protected territory and from a single location (the “Franchised Business”). The distinguishing characteristics of an Ideal Siding Franchised Business include, but are not limited to, Ideal Siding’s distinctive trade dress, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional plans, all of which may be changed, improved or further developed by us at any time (the “System”).

The System includes proprietary software, brand development, training and marketing programs as well as the mark “Ideal Siding” and related marks (collectively, the “Marks”). The System includes access to a lead management center (the “Lead Management Center”) managed by the Franchisor that handles all incoming leads (a “Lead”) from End Consumers, coordinates with Clients to book an appointment for the Franchisee to measure the Client’s home/premises, prepare a quote and provide it to the Client (a “Quote”). The Franchisee will coordinate with the Client to provide the siding services. The Franchisee will handle all invoicing and is responsible for collecting payments from Clients under the Franchised Business, depositing such payments as we do direct from time to time.

As the owner of the Franchised Business, regardless of the service(s) provided by the Lead Management Center, you will at all times be responsible for all employment decisions of the Franchised Business including but not limited to hiring, firing, training, promotion, remuneration, compliance with wage and hour requirements, recordkeeping, supervision and discipline of employees. Franchisee expressly agrees, and will never contend otherwise, that our authority under the Franchise Agreement to provide Lead Management Center services to the Franchised Business, does not directly or indirectly vest in us the power to hire, fire or control in any manner whatsoever the employees of the Franchised Business. Further, the Franchisee will indemnify us for any action or settlement related to the Franchisee’s employment practices.

## **Market and Competition**

The market for your Franchised Business consists of residential property owners seeking siding installation services. Changes in local and national economic conditions and population density may affect your business and we are unable to predict if these conditions will have an impact on us, our affiliates, our industry or you. Our services are not limited to any particular group and we do not anticipate the business to be dependent on seasonal changes.

You will compete with other siding installation companies, including national, regional and local agencies, offering services similar to those offered by your Franchised Business.

There are other siding installation franchises, as well as independent businesses and individual providers that may offer similar services and products. Your business may also be affected by economic conditions in your designated territory.

### **Industry Specific Regulations**

You must comply with all local, state and federal laws and regulations that apply to the operation of your Ideal Siding Franchised Business, including health, sanitation, insurant, discrimination, employment and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices and equipment you must make available to or be required to offer to your employees. The health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities. Your Franchised Business will also be subject to various federal, state and local laws, and regulations affecting the business, including, among others, federal, state and local laws, rules and regulations governing franchising, licensing, permits, zoning, EPA, and federal and state environmental protection statutes, OSHA, and other federal state and local laws regarding hazardous substances and waste, and various health, sanitation, safety and fire standards. You are also subject to employment laws such as the EEOC, Fair Labor Standards Act, Americans with Disabilities Act and various state laws governing such matters as minimum wage, overtime and working conditions. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply to the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for all licenses and permits which may be required for your business.

### **ITEM 2: BUSINESS EXPERIENCE**

#### **Chief Executive Officer / Director: Aleksander (Alex) Filipuk**

Mr. Filipuk has been a Director of Ideal Siding Franchising (USA) Inc since our inception in March 2021. Director and CEO of Ideal Siding Franchising Inc based in Vancouver, BC since inception in April 2019. Director of Mogem Ventures Corp based in Vancouver, BC since April 28, 2013, as well as Director of 1180201 BC LTD dba Ideal Siding Vancouver based in Vancouver, BC since September 20, 2018. Director of 1210690 BC LTD dba Ideal Siding Nanaimo based in Vancouver, BC since May 2019. Director of Celsior Holding Group Ltd based in Vancouver, BC since April 2019. Director of Filipuk Holding Inc based in Vancouver, BC since March 2019.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. In the state of Minnesota, we have deferred the initial franchise fee until after your business is open and we have satisfied all pre-opening obligations. The Initial Franchise Fee is Fifty Thousand Dollars (\$50,000.00). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. We reserve the right to increase or decrease the Initial Franchise Fee for any particular Territory based upon factors we deem appropriate. For example, we may reduce the Initial Franchise Fee for subsequent franchises purchased by existing franchisees. We are currently offering a reduction below Fifty Thousand Dollars (\$50,000) of the Initial Franchise Fee for the first ten (10) franchisees to sign a Franchise Agreement with us as follows:

1 <sup>st</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$20,000
2 <sup>nd</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$23,000
3 <sup>rd</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$26,000
4 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$29,000
5 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$32,000
6 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$35,000
7 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$38,000
8 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$41,000
9 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$44,000
10 <sup>th</sup> Franchisee to sign a Franchise Agreement	Initial Franchise Fee: \$47,000

The Initial Franchise Fee is payable at the time of execution of the Franchise Agreement and is deemed to be fully earned and non-refundable in whole or in part (except as provided below) upon execution of the Franchise Agreement.

We may terminate the Franchise Agreement if you fail to: (i) commence your Initial Training Program within ninety (90) days following the date of the Franchise Agreement, or at such other date that the Franchisor and Franchisee may agree to in writing, and (ii) open your Franchised Business within thirty (30) days of the completion of your Initial Training Program, provided that you have obtained all certificates and licenses required to operate the Franchised Business (the “Start Date”). In the event that we elect to exercise our option to terminate the Franchise Agreement, we will not refund any portion of the Initial Franchise Fee.

If, in our reasonable opinion, your participation in the Initial Training Program discloses an inability on your part to adequately manage and operate the Franchised Business, then we may terminate the Franchise Agreement. If we elect to do so for this reason, within seven (7) days after the effective date of termination, we will refund your Initial Franchise Fee, less reasonable costs, including without limitation, costs for expenses reasonably incurred by us in connection with the granting of the franchise under the Franchise Agreement, the negotiation and execution of the Franchise Agreement and any other agreement and the cost of training.

**In the event you do not meet the required minimum Gross Sales requirements as described in section 6 of the Franchise Agreement, we, in our sole discretion, may terminate the Franchise Agreement.**

**ITEM 6: OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>1</sup>	8% of Gross Sales, subject to annual minimum royalties.	Monthly, on the 15 <sup>th</sup> of each calendar month.	Payable to us.
Lead Fee <sup>2</sup>	\$500 - \$10,000	Monthly, on the 15 <sup>th</sup> of each calendar month.	Payable to us.
Administration Fee <sup>3</sup>	\$500	Monthly, on the 15 <sup>th</sup> of each month.	Payable to us.
License Costs <sup>4</sup>	As assessed by us for any third-party licensing fees.	On the 15 <sup>th</sup> of each month following our assessment of licensing costs.	Payable to us.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Local Advertising	\$2,000-\$5,000	As incurred.	We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement.
General Branding Fund Fee <sup>5</sup>	1% of Gross Sales	Monthly, on the 15 <sup>th</sup> of each calendar month.	Payable to us.
Initial Training Fee	The current fee to train subsequently hired personnel is \$2,500 per person.	Before attendance. Travel and related expenses are due as incurred.	You must also pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel, and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or subsequent trainees are payable to us
Optional Additional Training <sup>6</sup>	\$500 - \$2,000	Prior to attendance of training program.	Payable to us.
Audit <sup>7</sup>	All actual costs and expenses associated with the audit. (Approximately \$1,500 - \$5,000) Plus a \$10,000 fine in certain cases.	Upon demand.	Payable to us.
Annual Convention <sup>8</sup>	\$500 - \$1,000 (per attendee)	Prior to attendance of convention.	Payable to us.
Transfer <sup>9</sup>	\$7,500 for transfer to an existing franchise partner and \$15,000 for transfer to a purchaser outside of the System.	At time of transfer	Payable to us upon approval of transfer.

Type of Fee	Amount	Due Date	Remarks
Interest <sup>10</sup>	\$2% per month compounded (26.82% per annum) or the highest rate allowed by law.	Upon demand.	Payable to us.
Indemnity Costs <sup>11</sup>	As incurred.	Upon demand.	Payable to us.
Late Fee <sup>12</sup>	\$75	Upon demand.	Payable to us.
Alternative Supplier Request <sup>13</sup>	All actual costs and expenses associated with the evaluation.	Upon Demand	Payable to us.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

<sup>1</sup> “Gross Sales” includes all revenues and income from any source derived, invoiced or received, by you from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e., vouchers). At our request, you must execute documents that allow us to automatically take the Royalty Fee from business bank accounts via electronic funds transfers. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

<sup>2</sup> You must pay the “Lead Fee” for expenses incurred by us for the purpose of finding Leads. The average cost for Leads ranges between Fifty Dollars (\$50) to Two Hundred Fifty Dollars (\$250) per lead. The number of Leads generated will vary depending upon the individual markets. The Franchisor may provide a discount for Leads if it is deemed appropriate based on individual circumstances and in the Franchisor’s sole discretion. The Lead Fee is calculated by multiplying the Total Fixed Cost the Franchisor incurs for advertising and administering Leads by the percentage of total Leads in the System provided to the specific Franchisee plus any additional costs of Lead Acquisition for a particular location. Lead fee does not include any salaries or payments to marketing specialists that work for Franchisor, nor any tests or development of creatives. There are no other costs that determine the pricing of the lead fee except for ad spend for the territory. The ad spend is what Franchisor paid to Google, Facebook or Linked In when looking for siding leads for the franchisee. The Lead Fee may be subjected to increase in the future.

<sup>3</sup> You must pay the “Administration Fee” to us as partial reimbursement for the operation of the Lead Management Center.

<sup>4</sup> You must pay the “License Costs” to us as reimbursement for periodic expenses incurred in the operation of the Lead Management Center, including the purchase of additional software licenses, related maintenance fees and additional software licenses to access the scheduling system.

<sup>5</sup> You must pay directly to our Brand Fund 1% of Gross Sales generated by your Franchised Business. Payments are due at the same time and in the same manner as the Royalty Fee. You may be required to set up authorization at your bank to allow the Brand Development Fund to electronically transfer funds from your bank account to the Brand Development Fund’s bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

<sup>6</sup> This fee is for any optional additional training programs attended by the Franchisee. For any additional on-site training and assistance, including opening assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals. We reserve the right to change these fees at any time. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training including, without limitation, costs of travel, lodging, meals and wages.

<sup>7</sup> This fee becomes payable and due if or when financial reports reveal inconsistencies in reporting. If the Audit shows you have under-reported amounts owed to us by three percent (3%) or more, either due to mistake or fraud, payment of underreported amounts, plus interest, plus a fine will be imposed.

<sup>8</sup> We may offer an annual convention and we reserve the right to impose a reasonable fee for all Franchisees who attend. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with attendance, including, without limitation, costs of travel, lodging, meals and wages.

<sup>9</sup> You are required to obtain our consent to any Transfer. We reserve the right to withhold consent at our sole discretion. If you intend to sell the Franchised Business, Five Thousand Dollars (\$5,000) shall be due and payable to us upon your declaration of an intent to sell. This does not apply to an assignment by us under section 16.1.3 of the Franchise Agreement.

<sup>10</sup> This fee applies to all overdue fees owed to us by Franchisee, including any underreported amounts due revealed by an Audit.

<sup>11</sup> You must indemnify and hold us, our parent and affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in

connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

<sup>12</sup> This fee becomes payable and due if or when the Royalty Fee, Admin Fee, Lead Fee, General Branding Fund Fee, or any Gross Sales Reports are not received by Franchisor as required by this Agreement. Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75.00).

<sup>13</sup> In the event you wish to purchase any unapproved item or acquire approved items from an unapproved supplier, you must first obtain our prior written approval. We are not required to approve any particular supplier. If our evaluation of your proposed supplier would require us to incur any non-trivial cost (such as to examine a sample of that supplier's products), we may ask you to bear that cost.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Initial Franchise Fee <sup>1</sup>	\$20,000 - \$50,000	At signing of Franchise Agreement	Payable to us.
Pre-opening Branding and Promotion <sup>2</sup>	\$2,000 - \$5,000	At least 1 week preceding the opening of the Franchised Business and no later than 3 weeks after opening the Franchise Business	Payable to approved third-party suppliers.
Initial Training Program <sup>3</sup>	\$0 - \$2,000	Before commencing operations.	Payable to airlines, hotels and restaurants.
Office Equipment Supplies <sup>4</sup>	\$500 - \$3,000	Before commencing operations.	Payable to third-party suppliers.
Legal and Accounting <sup>5</sup>	\$3,000 - \$5,000	Before commencing operations.	Payable to Lawyer and Accountant
Utility Deposits <sup>6</sup>	\$0 - \$500	As arranged.	Payable to Utility Company
Local Franchisee Marketing <sup>7</sup>	\$5,000	Before commencing operations	Payable to us.

Type of Fee	Amount	Due Date	Remarks
Insurance <sup>8</sup>	\$1,000 - \$6,000	Before commencing operations.	Payable to approved supplier.
Vehicle <sup>9</sup>	\$0 - \$3,600	Before commencing operations.	Payable to third party suppliers and leasing companies.
Computers and Related Peripherals/ Equipment <sup>10</sup>	\$500 - \$3,000	Before commencing operations.	Payable to third party suppliers.
Licenses and Permits <sup>11</sup>	\$500 - \$2,000	Before commencing operations.	Payable to licensing authorities and approved third-party suppliers.
Additional Funds: 3-6 Months Working Capital <sup>12</sup>	\$20,000-\$40,000	As necessary.	Payable to various parties.
<b>TOTAL</b>	<b>\$52,500 - \$127,700</b>		

<sup>1</sup> The Initial Franchise Fee are described in greater detail in Item 5. Under very limited circumstances and in our sole discretion, we may finance your Initial Franchise Fee. In the state of Minnesota, we have deferred the initial franchise fee until after your business is open and we have satisfied all pre-opening obligations.

<sup>2</sup> You are required to spend between Two Thousand Dollars (\$2,000) and Five Thousand Dollars (\$5,000) on pre-opening and opening promotional campaigns for the Franchised Business. Pre-opening and opening promotional campaigns must occur no later than One (1) week prior to the opening of the Franchised Business and run for three (3) weeks following the opening of the Franchised Business. These expenditures should be allocated for a car wrap, lawn signs and business cards. These funds are paid to third party suppliers from whom you will purchase branding and promotional products and services and are typically not refundable. You will also be required to wrap a vehicle that meets our specifications with the Ideal Siding brand. You may use a vehicle that you already own to do this provided that it meets our specifications contained in the Manuals. The car may be no older than ten (10) years old at the time of the car wrap. The costs to wrap the car are

estimated to be between One Thousand Dollars (\$1,000) and Four Thousand Dollars (\$4,000).

<sup>3</sup> Prior to the opening of the Franchised Business, we will provide you with an Initial Training Program, which consists of a training course of up to five (5) days duration at our corporate office, in Vancouver, Canada, covering all aspects of the Franchised Business. Attendance at the Initial Training Program is mandatory. We estimate that you will incur costs between Zero Dollars (\$0) and Two Thousand Dollars (\$2,000) for travel, hotel accommodation and living expenses to attend the Initial Training Program. You are responsible for the costs incurred in association with your attendance at the Initial Training Program. These expenses are typically non-refundable.

<sup>4</sup> You must purchase general office supplies, including stationary and standard office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. The amounts you pay for office equipment and supplies may or may not be refundable. You should inquire about the return and refund policy of the supplier at or prior to the time of purchase.

<sup>5</sup> We recommend that you engage a lawyer, an accountant or other consultants to assist you in establishing your Franchised Business. These fees may vary by location depending on the prevailing rates of local lawyers, accountants and consultants. These fees are typically non-refundable. We estimate that you may have to spend between Three Thousand Dollars (\$3,000) and Five Thousand Dollars (\$5,000) for the incorporation of a company, initial accounting advice and legal review of the Franchise Agreement.

<sup>6</sup> If you are a new customer of your local utilities and are leasing space for the Franchised Business, you will generally be required to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending on local utilities. You should contact your local utility companies for more information. The low-cost estimate is based on your operating the Franchised Business in your home office, and thus may not incur any utility deposits. The high-cost estimate is based on your leasing a commercial space.

<sup>7</sup> This fee covers the cost of the Initial Marketing campaign in your Territory.

<sup>8</sup> Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

<sup>9</sup> There is no requirement that you buy a new vehicle or a vehicle that needs our specifications. If you choose to buy a vehicle, the lease or purchase payment for 3 months is reflected in the high end of the range. This figure includes the monthly payment on a lease for a car. The amounts you pay for a vehicle are typically non-refundable. Lease terms for a vehicle, on approved credit terms, are provided by the vehicle dealer directly. You will be required to purchase certain marketing materials upon startup and, as noted above, you will also be required to wrap a vehicle that meets our specifications with the Ideal Siding brand, the costs of which are included in the Pre-opening Branding and Promotion costs mentioned above in note two (2).

<sup>10</sup> You must purchase the computers and related equipment necessary for operating the Franchised Business. Our specifications for computers and related equipment are described in Item 8. The amounts you pay for computers and related equipment will vary depending on the computers and equipment that you already own. We estimate the cost of the computers and related equipment to be between Five Hundred Dollars (\$500) and Three Thousand Dollars (\$3,000).

<sup>11</sup> State and local government agencies typically charge fees for occupancy permits, operating licenses and construction permits. Your actual costs may vary from the estimate based on the requirements of the state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

<sup>12</sup> You are required to have working capital in the form of cash or other liquid assets in order to begin operations in the range of Twenty Thousand Dollars (\$20,000) and Forty Thousand Dollars (\$40,000) (of which at least seventy-five percent (75%) should consist of cash with no more than twenty-five percent (25%) being other liquid assets) for miscellaneous expenses, including initial salaries. We estimate the start-up phase to be three (3) months from the date you open your business. This is our best estimate of the working capital necessary to open your business, and includes money required to pay suppliers and employees, which may include the hiring of a full or part-time sales employee, in the event you are not meeting minimum performance requirements and are doing less than the minimum number of sales calls per week, and is based upon your previous experience in sales and management. Additional funds may be required to finance operations until a positive cash flow is produced. We cannot guarantee that our recommendation will be sufficient. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skills; experience and business acumen; local economic conditions; the local market for this industry; the prevailing wage rate in your area; the degree and quality of competition; and the sales level you reach during the initial period. This category does not include royalties or other fees you pay to us, nor does it include your salary or living expenses. Additional funds may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You may only offer and sell those products and services that we have approved from time to time. You must offer all products and services that we designate as required for all franchisees. We have the unlimited right to change the types of authorized products or services offered by your Franchised Business. Your purchase and sale of certain goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manual and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise Agreement.

You must purchase or lease and install all equipment (including point of sales system, computer hardware and software, signs and related items we require all of which must conform to the standards and specifications stated in our Confidential Operations Manual ("Manual") or otherwise in writing, unless you have first obtained our written consent to do otherwise.

In the event you wish to purchase any unapproved item or acquire approved items from an unapproved supplier, you must first obtain our prior written approval. We are not required to approve any particular supplier. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate suppliers on a variety of criteria, including the quality of their products or services, price, responsiveness, ability to service the System as a whole, reputation, timeliness, and experience, scalability and alignment with our purpose and core values among others. If we create any specific policies for approving suppliers, we will communicate them to franchisees. We will consider in good faith and in a reasonable time any supplier that you would like to propose who is capable of providing goods or services meeting our requested specifications. If our evaluation of your proposed supplier would require us to incur any non-trivial cost (such as to examine a sample of that supplier's products), we may ask you to bear that cost. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. We will make a reasonable effort to approve or disapprove any proposed supplier within 30 days. If approval of a supplier is later revoked, we will notify you by email or such other method we determine in our discretion.

Certain required purchases may be purchased from our preferred suppliers but we do not require that you purchase from them. We currently require you to purchase insurance and marketing collateral (including a vehicle wrap) from our approved supplier(s).

You are required to obtain Insurance in such minimum amounts and for such coverages as we may require. You must carry insurance covering the risks and meeting the minimum coverage conditions that we prescribe in the Manuals protecting you and naming us as an additional insured. You must obtain insurance coverage only from those insurance companies we designate. Though the Insurance requirements are subject to change, we currently require you to obtain, in addition to other coverage mandated in

our Manuals, the following minimum coverage amounts (These amounts may be higher as required by the State in which your Franchised Business will operate):

<b>Professional and General Liability Insurance</b>	
<b>Coverages</b>	<b>Limit of Liability</b>
Third Party Bodily Injury, Personal Injury and Property Damage	\$2,000,000
Professional Liability	\$2,000,000
Transfusion Legal Liability	\$2,000,000
Tenants Legal Liability	\$2,000,000
Voluntary Compensation	\$2,000,000
Non-Owned Automobile	\$2,000,000
Employee Benefits Errors and Omissions	\$1,000,000
Administrators Errors and Omissions	\$1,000,000
General Aggregate	\$5,000,000
<b>Comprehensive, Dishonesty, Disappearance, and Destruction Insurance</b>	
Employee Dishonesty	\$50,000
Loss Inside/Outside the Premises	\$5,000
Money Orders and Counterfeit Paper Currency	\$50,000
Depositors Forgery	\$50,000
Credit Card Forgery	\$50,000
Computer Funds and Transfer Fraud	\$50,000
Audit Expense	\$50,000
Third Party Bonding	\$15,000
<b>*Buy Back Coverage:</b> Must be purchased as there is an Abuse exclusion due to services	
Sexual Wrongdoing Limited Liability	A minimum \$500,000 limit of liability is required by Franchisor Optional increased limit of \$1,000,000 is available
<b>Optional Coverages</b>	
Property Insurance	Discussed with insurer as per Franchisee's
Equipment Breakdown Insurance	Discussed with insurer as per Franchisee's needs
Group Accident Insurance	Discussed with insurer as per Franchisee's needs

You must also purchase and maintain worker's compensation, employer's liability insurance, and automobile (third-party liability) insurance with a reputable insurer. These

minimum amounts and coverage specifications may be revised periodically in the Manuals to reflect inflation, general industry standards or our future experience with claims. You must provide us with certificates of insurance evidencing the prescribed coverage, naming us as additional insureds, and containing a cross-liability clause showing entitlement to indemnity from the insurer. The certificates of insurance must also provide that the coverage under the respective policy may not be modified (except to increase coverage) or cancelled until at least thirty (30) days after we have received written notice of the cancellation or modification. The price of insurance coverage varies widely, and we estimate the annual premium cost to be between approximately One Thousand Dollars (\$1,000) and Six Thousand Dollars (\$6,000) for general commercial liability insurance. Worker's compensation and employer's liability insurance are additional costs, and you should obtain prices from your insurance agent or broker. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the leasehold improvements, equipment, number of employees and other factors. You should obtain a price quotation from the insurance agent and rely solely on that estimate when planning to enter into the Franchise Agreement. We require you to use our approved insurance brokers and those insurance companies we designate.

We are entitled to obtain payments or other benefits from the suppliers or vendors from whom we require franchisees to purchase or lease goods or services. We do not currently have any arrangements in place with any suppliers or vendors and neither we nor any affiliate currently receives any payments or rebates from any supplier, but we reserve the right to do so in the future. Should we or an affiliate receive such payments in the future, we anticipate that any such payments will be based on either a percentage or flat amount.

Currently there are no purchasing or distribution cooperatives in place for the purchase or lease of goods or services. We currently do not negotiate purchase arrangements with suppliers for the benefit of franchisees, but we may do so in the future.

With the exception of the territorial restrictions described in Item 12, we do not place any restrictions upon you that limit the Clients to whom you may sell goods or services. The Franchisee shall sell the Services at such prices as the Franchisor may reasonably suggest from time to time, which may vary from area to area. The Franchisee may not increase or decrease the price of any Services without the prior written consent of the Franchisor.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

We will derive revenue from your purchase of initial equipment and marketing materials. In the fiscal year ending December 31, 2021, we did not receive any revenue from required purchases by franchisees.

We currently do not receive any other revenue, rebates, discounts, or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We currently do not have any approved suppliers. We estimate that your purchase or lease of products, supplies and services from any future approved suppliers (or those which meet our specifications) will represent approximately between 75% and 80% of your costs to establish your Franchised Business and approximately less than 15% of your costs for ongoing operation.

**ITEM 9: FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
a. Site Selection and Acquisition/Lease	10	Item 11
b. Pre-Opening Purchase/Leases	10.4	Item 5
c. Site Development & other Pre-Opening Requirements	10.1	Item 11
d. Initial and Ongoing Training	7	Item 11
e. Opening	8.3	Item 11
f. Fees	6, 13	Item 5, Item 6

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
g. Compliance with Standards and Policies/Operating Manual	11, 12, 19.1.1, Attachment 4	Item 11
h. Trademarks and Proprietary Information	14	Item 13, Item 14
i. Restrictions on Products/Services Offered	12.7	Item 8, Item 16
j. Warranty and Customer Service Requirements	12.8,	Item 11
k. Territorial Development and Sales Quotas	Attachment 13	Item 12
l. Ongoing Product/Service Purchases	12	Item 11
m. Maintenance, Appearance and Remodeling Requirements	12.1	Item 11
n. Insurance	15	Item 7
o. Advertising	13	Item 11
p. Indemnification	15.6	Item 6
q. Owner's Participation, Management, Staffing	11.4	Item 15

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
r. Records /Reports	12.2	Item 20
s. Inspections and Audits	10.4	Item 21
t. Transfer	16	Item 17
u. Renewal	5	Item 17
v. Post-Termination Obligations	18	Item 17
w. Non-Competition Covenants	19, Attachment 10,	Item 17
x. Dispute Resolution	20	Item 17
y. Guaranty	11.3, Attachment 8	Exhibit B

**ITEM 10: FINANCING**

If you meet our qualifications, we may offer you financing of the Initial Franchise Fee. You must sign a Promissory Note. We do not offer any other direct or indirect financing.

Initial Franchise Fee	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Pre-Opening Payments to us or our affiliates (all Item 5 Fees)	Ideal Siding Franchising (USA), Inc.	\$0	Up to \$50,000	1 year	0%	Varies. See Note 1.	None	None	See Note 2.	See Note 3.

<sup>1</sup> The Monthly Payment will vary depending on the amount financed.

<sup>2</sup> If you default on your obligations under the Promissory Note, we have the right to require immediate payment of the full balance of the amount owing under the Promissory Note, collect the full balance owing from you or any guarantor, file suit and obtain judgment, take possession of any collateral, or sell, lease or otherwise dispose of any collateral at public or private sale, with or without advertisement. You must also pay our costs to collect the debt, including courts costs and reasonable attorney's fees. Additionally, a default of the Promissory Note is a default of the franchise agreement, and we may terminate your franchise agreement.

<sup>3</sup> You waive your rights to notice of a collection action and to assert any defenses to collection against us or our affiliate. Additionally, a default of the Promissory Note is a default of the franchise agreement, and we may terminate your franchise agreement.

**ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. approve the protected territory for your Franchised Business. A protected territory will consist of a minimum population within a geographic radius defined by zip codes or other readily ascertainable geographic boundaries (Franchise Agreement, Section 12).
- b. provide access the Ideal Siding Manual, as revised periodically, a copy of the table of contents of the Manuals is attached as Exhibit D to this disclosure document. Our Manual has 104 pages, not including attachments. We continually update the Manual to reflect revisions to our system, new products or services, and changes in our prescribed methods of operation. Under the terms of the Franchise Agreement, we are entitled to revise the Manual at any time, and you will be obligated to adhere to those revised specifications and requirement (see Franchise Agreement Section 10.3).
- c. provide an Initial Training Program for you. The Initial Training Program covers all aspects of the System and consists primarily of in-class training located at our corporate office in Vancouver, British Columbia (Franchise Agreement, Section 7.1).

**2. Time to Open**

We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is two (2) to twelve (12) weeks. Before you may open, you must (i) complete our Initial Management Training Program, (ii) hire and train your staff, if required, (iii) acquire and brand your vehicle, and (iv) obtain required licenses to operate the Franchised Business. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. If you have not opened your Franchised Business within ninety (90) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Provided you have obtained all certificates or licenses required to operate the Franchised Business, you must open your Franchised Business within thirty (30) days of completing the Initial Training Program. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Section 8.3).

### **3. Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.3).
- b. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.4).

- c. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).
- g. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.4).
- h. subject to applicable law, set prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at the price we suggest. Our suggested prices are not a representation, warranty or guarantee that such prices will enhance your sales or profit (Franchise Agreement, Section 12).

#### **4. Advertising**

##### **Local Advertising** (Franchise Agreement, Section 13.2)

We require you to spend between Two Thousand Dollars (\$2,000) and Five Thousand Dollars (\$5,000) on initial local advertising and promotional activities from one (1) week immediately prior to the opening of your Franchised Business through three (3) weeks immediately following the opening of your Franchised Business. These funds are paid to third-party suppliers from whom you will purchase branding and promotional products and services. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

You will be required to purchase certain marketing materials upon start-up and you will also be required to wrap a vehicle that meets our specifications with the Ideal Siding brand. Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than once in any five (5) year period following the Opening Date, to conform to Trade Dress Modifications.

You may use a vehicle that you already own to do this provided that it meets our specifications. If you use an existing vehicle, the costs of this are estimated to be between One Thousand Dollars (\$1,000) and Four Thousand Dollars (\$4,000), which are included in the pre-opening branding and promotion costs described in greater detail in Item 10. You are limited to spending Four Thousand Dollars (\$4,000) in vehicle modifications.

Thereafter, you are required to conduct a minimum number of sales calls per week and spend a minimum dollar amount per month as required by Manual as revised from time-to-time.

You have the right to conduct branding and promotions in respect of the Franchised Business using reasonable discretion and provided that:

1. You brand and promote only in a manner that will reflect favorably on the Franchisor, the Franchisee, the Services and their good name, goodwill and reputation;
2. You may advertise the Franchised Business on the Internet, provided, however, you must provide us access to any Internet promotion, including social media, and permanently transfer such promotion to us upon termination of the Franchise Agreement;
2. You may use your own branding and promotional material; however, you must submit it to us for its approval, which approval shall not be unreasonably withheld or unduly delayed, and you do not use this branding and promotional material until such time as we give our prior written approval to the use of such branding and promotional material; and
3. You hereby acknowledge that we are the sole and exclusive owner of all copyrights and any and all branding and promotional material prepared by or on behalf of the Franchisor or the Franchisee and such materials shall at all times remain the property of the Franchisor.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

### **General Branding Fund** (Franchise Agreement, Section 13.3)

We have established a national General Branding Fund (the “General Branding Fund”) on behalf of the System for national advertising and marketing. Franchisor may use the General Branding Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other

departmental costs for advertising that Franchisor internally administers or prepares). The General Branding Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System.

You are required to contribute to our General Branding Fund (the “**Fund**”) in an amount of 1% of your Gross Sales (the “**Branding Fee**”). The Fund is administered by us and shall be used and spent on media costs, commissions, market research costs, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by us.

We may administer programs of a local, regional or national nature. There is no guarantee that you will receive a proportionate benefit from branding or promotion programs and we are not required to spend any amount on advertising in your Territory. We reserve the right to place and develop such branding and promotions and to market them as agent for and on your behalf, either directly in-house or through a branding agency retained or formed for such purpose.

The Fund shall be accounted for separately from our other funds and shall not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its branding programs (including, without limitation, conducting market research). Any affiliate-owned outlet will have to contribute to the Fund in the same manner as other franchises. An unaudited statement of the operations of the Fund shall be prepared annually and shall be made available to you upon your request, the cost of such statement to be paid by the Fund. Funds not used in a particular year will be carried forward to future years. The Fund may not be used to advertise for or to solicit new franchisees. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Brand Development Fund collects and expends the Brand Development Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Development Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

If we spend more or less than the total of all contributions to the Brand Development Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will

be in addition to your required contributions to the Brand Development Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising.

No Brand Development Fund contributions were required, made, or expended in our most recently concluded fiscal year, which ended on December 31, 2021.

## **5. Computer Systems** (Franchise Agreement, Section 12.3)

You must purchase the hardware, software, system tools and processes as stated in the Operations Manual. Currently, you are required to have the following hardware and software:

You must install and maintain a computer system that meets the functional requirements for utilizing the software we require, which currently is QuickBooks accounting software and Salesforce Customer Relationship Management system. There are no substitutes. There are no substitutes for QuickBooks accounting software, except if you use different accounting software for your existing business, you may also use it for the Franchised Business, subject to our approval. If you use different accounting software, we will have no obligation to support you in the implementation, use, or compatibility of such alternate software, and you will bear all costs associated with the implementation, use or customization of the alternate software to ensure compatibility with our existing systems. We regularly evaluate our software functionality and may upgrade software and other technology to support efficiency within the system. We recommend you purchase a tablet laptop, printer, scanner, and a personal digital assistant (i.e., Samsung, iPhone) as well as any other computer supplies you may need. We estimate the cost of the required computers and peripherals to be between Five Hundred Dollars (\$500) and Three Thousand Dollars (\$3,000).

You are wholly responsible for all hardware and computer network maintenance and maintenance and upgrades of other software which must be done in a timely manner. The cost for such periodic computer maintenance and upgrades will depend on the type of systems and software you purchase, as well as any maintenance contracts you choose to enter into. We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Franchised Business. We are not responsible for any maintenance or upgrades to your computer hardware, network connectivity, or software.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other service performance or revenue reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Sales and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your computer hardware and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We estimate the cost of maintaining, updating and upgrading your computer hardware and software yearly to range between Zero (\$0) and Two Thousand Dollars (\$2,000). Cost will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

At this time, we have no independent access to the information and data that you store or collect electronically, but reserve the right of access in the future. We reserve the right to have remote and independent access to all information generated by and stored in your computer system, including your revenue information and customer data. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system. We own all client data stored in your computer system.

## **6. Table of Contents of Operations Manual**

The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 104 pages.

## **7. Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete our Initial Management Training Program, to our satisfaction, before opening your Franchised Business. We will train you at our headquarters in Vancouver, British Columbia or another location we specify.

### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Ideal Siding Culture	2	2	Vancouver, BC
Siding Market and Our Target Group	4	2	Vancouver, BC

Estimating	4	4	Vancouver, BC
Sales Process	2	6	Vancouver, BC
Operations Support	1	1	Vancouver, BC
Financial Planning	2	0	Vancouver, BC
Hiring	2	0	Vancouver, BC
Project Management	3	7	Vancouver, BC or In Territory
Sales and Estimates	3	7	Vancouver BC, or In Territory
<b>TOTAL</b>	<b>23</b>	<b>29</b>	<b>52</b>

Prior to the opening of the Franchised Business, we will provide you an Initial Training Program, which consists of a training course of up to five (5) days duration at our corporate office, in Vancouver, British Columbia, covering all aspects of the Franchised Business.

Attendance is mandatory at the Initial Training Program. There is currently no charge for attendance at Initial Training Program by you. You are responsible for all travel and living expenses for your principal owner and any additional trainees and all wages payable to any trainee; no wages will be payable by us to any such trainee for any service rendered during the course of such training.

Our initial training program is overseen and taught by 2 instructors. Aleksander Filipuk, founder of the Franchisor who has trained all 12 existing franchisees in Canada. Chris Aconley, who has spent over 20 years as a trainer and coach in franchising systems like Men in Kilts or Live Well Studios.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs and an annual conference or national business meeting for up to five (5) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting, is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are

required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

We will provide continuing advice and guidance to you in all aspects of the use of the System and the operation of a Franchised Business with respect to the planning, opening and operation of the Franchised Business, including consultation and advice regarding marketing, training, equipment, and general business operations.

**ITEM 12: TERRITORY**

Under the Franchise Agreement, you have the right to establish and operate one (1) Ideal Siding outlet within a limited protected territory (the "Territory"). You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are granted a Territory as set forth in Attachment 3 of the Franchise Agreement attached as Exhibit B to this Disclosure Document. We generally grant a Territory that is of a size that will have at least ten thousand (10,000) single family homes as determined by United States Census Bureau or State Planning and Statistics Offices unless we mutually agree otherwise. Because our Territory grants are based on information provided by United States Census Bureau or State Planning and Statistics Offices, we cannot guarantee or promise that there will be ten thousand (10,000) single family homes in your Territory. We will not grant another Franchisee a Territory within your Territory based on an increase of single-family homes. We may grant you additional Territories or additional Franchised Businesses in our absolute discretion upon terms acceptable to us but you do not have the right to acquire additional territories or Franchised Businesses.

You are not allowed to accept Clients outside your Territory, subject to the following exceptions:

1. You may accept Clients from outside your Territory if they are not within the Territory of another Franchisee in the System at the time; and
2. You may also service a Client in the Territory of another Franchisee in the System if you had serviced that Client on a consistent basis within the ninety (90) days before that Territory was granted to another Franchisee, or you had serviced that Client on a consistent basis within the ninety (90) days before you became our Franchisee and only so long as you continue to consistently provide services to that Client (as determined by us).

Conversely, other Franchisees in the System may service Clients in your Territory if they serviced those Clients on a consistent basis within the ninety (90) days prior to you becoming a Franchisee in the System or they serviced those Clients on a consistent basis within ninety (90) days prior to their becoming our Franchisee, and only for so long as they continue to consistently provide services to that Client (as determined by us). You are free to market within or outside your Territory (within the United States),

including use of direct marketing, internet or telemarketing, provided you perform such marketing in accordance with the standards set by us from time to time and such marketing is directed only to Clients within the United States. A client is deemed to be within the Territory where his or her permanent home address is located, subject to certain exceptions as outlined in the Manuals. See sections 10.1 and 10.3 of the Franchise Agreement.

We will settle all Territorial disputes between Franchisees, in our sole discretion, in accordance with our policies and procedures.

If you fail to meet the minimum performance requirements (later disclosed in Item 12) set out in section 3.2 of the Franchise Agreement or are not otherwise operating in full compliance with the Franchise Agreement, we have the right, in our sole discretion, in addition to or in substitution of any other rights under the Franchise Agreement, to reduce or eliminate the protected Territory or to operate or grant to others the right to operate a Franchised Business within the former Territory. See sections 2(c) and 6 of the Franchise Agreement.

Provided you are in complete compliance with the terms and conditions of your Franchise Agreement, including achieving the minimum performance requirements, we will not establish, either as a company or as an affiliate owned business, another Franchised Business within your Territory. We may not offer our Services through any other channel of distribution.

We may enter into and service national or regional account contracts with businesses that have locations within your Territory upon providing you with written notice, regardless of whether you have previously serviced such a customer in the past. You will be given the option to service the national account clients located within your Territory and under the terms and conditions of our agreement with the national account. We are not otherwise required to compensate you for any sales we make within that Territory.

We may, however, establish Franchisor-owned locations, other Franchises or Sub-Franchises outside your Territory, regardless of proximity to the boundaries of your Territory. We may also establish other Franchises or company-owned outlets or other channels of distribution offering similar services under names and trademarks other than the Marks, within your Territory, provided they are not in direct competition with you.

### **1. Proximity Policy**

We or our associates or affiliates may grant or commence:

1. Another Franchise;

2. A Franchisor outlet;
3. Any other distributor or licensee using the Marks, service mark, trade name or logo or advertising or other commercial symbol;
4. A Franchise or business owned or operated by us that distributes similar products or services under a different trademark, service mark, trade name or logo, or advertising or other commercial symbol; or
5. A Franchise or business granted by us that distributes similar products or services under a different trademark, service mark, trade name or logo; regardless of the proximity to your Territory. We have no policy regarding Internet or distance sales by a Franchise, distributor, licensee or business described above other than that all Leads must be managed through the Lead Management Center.

Your protection under your Franchise Agreement Territory is subject to a Minimum Annual Gross Sales Requirement. If you fail to maintain the Minimum Annual Gross Sales Requirement, we have the right to reduce the size of your territory or terminate the Franchise Agreement.

<b>Start-up Business</b>	
<b>Year</b>	<b>Minimum Annual Gross Sales</b>
1	\$250,000
2	\$500,000
3	\$750,000
4	\$1,000,000
5+	\$250,000 + a compound annual increase of ten (10%) percent per twelve (12) month period.

There is no other market penetration or other contingency that will affect your right to operate in your Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

The Franchise Agreement entitles you to operate only at and from one (1) office location within your Territory. You may change the location of your Franchised Business office, provided you give us 30 days written notice. You are required to remove all identifying signs and property from the original office location.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. Unless you have signed our Multi-Unit Development Agreement, we may, but have no obligation

to, consider granting to you the right to establish additional Ideal Siding outlets under other Franchise Agreements if you are in compliance with the Franchise Agreement and propose to open another Ideal Siding in an area and at a location we approve.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Ideal Siding outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Ideal Siding outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as the Internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Ideal Siding Franchised Business contact information. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. You may service a customer located outside of your Territory, provided that such customer is located in an area where there is not another Ideal Siding outlet in operation. Your establishment of goodwill or customer relationships outside of your Territory will not limit our right to open or franchise an Ideal Siding business that encompasses such territory, in which case you would be excluded from that territory.

At our discretion, a customer may be deemed a “national account” if it has multiple properties across multiple territories and/or states. If an account has been deemed to be a national account, each Franchisee whose Territory is included will have an opportunity to service that account under the terms and pricing of the national account contract. In the event that a Franchisee declines or fails to do so, we have the right to provide the services, or to allow another Franchisee to provide the services, without compensation to you.

### **ITEM 13: TRADEMARKS**

Celsior Holding Group, Ltd. (“Licensor”) is the owner of the Marks and has granted us the right to use the Marks and to license to others the right to use the Marks in the

operation of an Ideal Siding outlet in accordance with the System. We do not currently have any Marks registered in the Canadian Intellectual Property Office. We claim common law rights in the Marks. The Franchise Agreement will license to you the right to operate your Franchised Business under the Ideal Siding Marks, as described below (the “Principal Marks”).

Licensor has filed an application for registration of the following Principal Marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Serial Number	Filing Date	Register
Ideal Siding	88831906	March 12, 2020	Principal

We do not have a federal registration for the principal trademark. Therefore, the trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Marks or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Marks or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Marks or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor’s right, or our right, to the Principal Marks or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Marks or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

**ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We hold no patents and have no pending patent applications that are material to the Franchised Business. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website. While we claim copyrights in these and similar items, we have not registered these copyrights with the Canadian Intellectual Property Office or the U.S. Copyright Office. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any

other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 10).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

Your use of the Manuals, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your principal owner must participate personally in the direct operation of the Franchised Business. In limited circumstances, we may allow you to hire a general manager who has successfully completed the Initial Training Program and who meets our approval to run the Franchised Business. A general manager who meets our approval is not required to own an equity interest in the Franchised Business. Each of your owners must sign the Franchise Agreement and be personally liable for performance of your obligations under the Franchise Agreement. Your general manager may be you or someone that you appoint, with our approval. Your general manager must also successfully complete all other training courses we require. Your general manager cannot have an interest or business relationship with any of our competitors. If the Franchisee is a business entity, your general manager is not required to have an equity interest in the Franchisee entity but must otherwise meet our approval.

Your general manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 10. If your Franchised Business is owned by an entity, all owners of the entity must personally

sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Personal Guaranty, which is attached to our Franchise Agreement as Attachment 8.

**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You may only offer and sell the products and services that are part of the System, and the services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved and for which you are qualified to provide.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Ideal Siding outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. You may service a customer located outside of your Territory, provided that such customer is located in an area where there is not another Ideal Siding outlet in operation.

**ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 4	Term is five (5) years.
b.	Renewal or extension of the Term	Section 5	If you are in good standing as defined below, you can sign a successor agreement for an additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
c.	Requirements for franchisee to renew or extend	Section 5	You may renew for an additional five (5) year term if you: <ul style="list-style-type: none"> <li>(a) are in full compliance;</li> <li>(b) are not in default of any provision of any license for the Franchised Business;</li> <li>(c) timely execute our then-current Franchise Agreement, which may contain materially different terms;</li> <li>(d) pay a Successor Agreement Fee; and</li> <li>(e) sign a general release.</li> </ul>
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 17	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within six months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Section 17	We may terminate the Franchise Agreement: <ul style="list-style-type: none"> <li>a. upon default;</li> <li>b. upon the happening of an event of termination; or</li> <li>c. upon the termination of another Franchise Agreement to which you are a party within our System.</li> </ul>
g.	“Cause” defined – curable defaults	Section 17	You have five days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
h.	"Cause" defined - non-curable defaults	Section 17	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of five (5) consecutive days or more; fail to comply with applicable laws; understate Gross Sales two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; fails to meet Minimum Performance Standards; or terminate the Franchise Agreement without cause.</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/ non-renewal	Section 18	Upon termination, you must: cease operations; cease to identify yourself as a Ideal Siding franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts.
j.	Assignment of contract by franchisor	Section 16	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16	Any assignment, sale, transfer, gift, devise, or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16	No transfer is allowed without our consent, which we will not unreasonably withhold.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
m.	Conditions for franchisor approval of a transfer	Section 16	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment __ to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of three (3) years following the transfer; our approval of the material terms and conditions of the transfer; you have provided us with 3 months advanced written notice; you are not in default under the Franchise Agreement; the transferee shall have provided us such guarantees as we may request; the transferee shall have submitted to us a business plan satisfactory to us; the purchase price paid by the transferee shall be reasonable; and payment of a transfer fee of \$7,500 for transfer to an existing franchise partner, or \$15,000 for transfer to purchaser outside of the Ideal Siding System, of which \$5,000 shall be payable upon your written notification of an intent to transfer the Franchised Business.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16	You must promptly notify us of any written offer to purchase your Franchise. We have thirty (30) days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 16	Upon termination of the Franchise Agreement, we have the option to purchase your fixtures, equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
p.	Death or disability of franchisee	Section 16	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve..
q.	Non-competition covenants during the term of the franchise		You are prohibited from competing with the Franchised Business during the term of the Franchise Agreement. You may not: divert, or attempt to divert, customers or referral sources of any Ideal Siding outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19	You are prohibited from competing with the Franchised Business for two (2) years after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers or referral sources of any Ideal Siding business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within twenty (20) miles of your former Ideal Siding Territory or any other Ideal Siding office location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 21	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21	Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 20	You must first attempt to resolve disputes through our internal dispute resolution program.
v.	Choice of forum	Section 20	Litigation takes place in the state of Washington subject to applicable state law.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
w.	Choice of law	Section 20	Delaware law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

**ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Aleksander Filipuk, Ideal Siding Franchising (USA) Inc., 1104-2980 Atlantic Ave, Coquitlam, BC, Canada, V3B 0G2, 855-574-3464, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

System-wide Outlet Summary  
For Years 2019, 2020, 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company – Owned*	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	0	0	0
	2020	0	0	0
	2021	0	0	0

The Company-Owned Outlets in the chart above are owned and operated by our Affiliates.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
For Years 2019, 2020, 2021

State	Year	Number of Transfers
None	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table No. 3

Status of Franchised Outlets  
For Years 2019, 2020, 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
None	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table No. 4

Status of Company Owned\* Outlets  
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
None	2019		0	0	0	0	0
	2020		0	0	0	0	0
	2021		0	0	0	0	0
Total	2019		0	0	0	0	0
	2020		0	0	0	0	0
	2021		0	0	0	0	0

The Company-Owned Outlets in the chart above is owned and operated by our Affiliates.

Table No. 5

Projected Openings as of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Washington	0	1	0
Texas	0	4	0
Minnesota	0	1	0
Wisconsin	0	1	0
<b>Total</b>	<b>0</b>	<b>7</b>	<b>0</b>

\* Our company-owned outlet is operated by our affiliate.

Exhibit C lists the location of each Ideal Siding outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

**ITEM 21: FINANCIAL STATEMENTS**

Ideal Siding Franchising (USA) Inc., was formed in March 2021. Because we have not been in business for three (3) years, we are not able to include the three (3) prior years of audited financial statements normally required by this Item 21. We have included our balance sheet as of December 31, 2021 and unaudited balance sheet as of March 1, 2022 as Exhibit E.

Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22:      CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory, General Release, Statement of Ownership Interests in Franchisee, Spousal Guaranty, and Confidentiality and Non-Compete Agreement. If you obtain direct financing of the Initial Franchise Fee from us, you will need to sign the Promissory Note, included as Attachment 11 to the Franchise Agreement, and your spouse will be required to sign the Personal Guaranty, included as Attachment 8 to the Franchise Agreement.

**ITEM 23:      RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit G. You should sign one copy of the receipt. Keep one copy for your own records and return the other signed copy to Aleksander Filipuk, Ideal Siding Franchising (USA) Inc., 1104-2980 Atlantic Ave, Coquitlam, BC, Canada, V3B 0G2.

**EXHIBIT A**

**AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

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ATTACHMENT 10: CONFIDENTIALITY AND NON-COMPETE AGREEMENT
ATTACHMENT 11: PROMISSORY NOTE

IDEAL SIDING FRANCHISING (USA) INC.  
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of \_\_\_\_\_, (the “Effective Date”) by and between Ideal Siding Franchising (USA) Inc., a Delaware corporation with its principal place of business at 1104-2980 Atlantic Ave, Coquitlam, Canada V3B 0G2 (herein “Franchisor) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor and its affiliates have developed a system identified and distinguished by professionally providing home siding services as well as providing other ancillary and related services using the Ideal Siding business system, using Franchisor’s designs, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive trade dress, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Ideal Siding service mark, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

## **1 RECITATIONS.**

The Recitations set out above form part of this Agreement.

## **2 GRANT OF FRANCHISE.**

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate an Ideal Siding franchise (the “Franchise” or “ the Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 3 attached hereto and incorporated herein (the “Territory”).

## **3 TERRITORY.**

- 3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.4 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, an Ideal Siding outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Ideal Siding franchises bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.
- 3.2 Minimum Performance Standards. Franchisee acknowledges the importance of actively developing the Territory to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee’s Franchised Business to meet the Minimum Performance Standards. Franchisee’s failure to meet the Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled to either (i) reduce the size of the Territory or (ii) terminate this Agreement.
- 3.3 Outside-Territory Sales. Franchisee must target Franchisee’s marketing efforts within the Territory and solicit sales from customers and referral sources located within the Territory. Franchisee, however, may solicit and service a client or solicit a referral source located outside of the Territory, provided that (i) the client or referral source is not located in a territory serviced by Franchisor or another Ideal Siding franchisee, (ii) Franchisee did not solicit the client or referral source in violation of this Agreement, and (iii) Franchisee immediately terminates all solicitation and service in the outside-Territory area, upon completion of any then-current jobs, when such area is designated the service area of Franchisor or the territory of another franchisee. Franchisee hereby acknowledges that other System franchisees have substantially similar rights to serve clients outside of their territories, which includes serving clients who may reside within Franchisee’s Territory, and Franchisee hereby agrees that the exercise of such right by other System franchisees is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other siding service concepts under the Marks or other trademarks, including licensing Franchisor's intellectual property for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Ideal Siding location, such as at the Internet ("Alternate Distribution Channels"). Franchisor further specifically reserves the right to solicit, sell to, negotiate rates with, and service customers who have multiple properties across multiple territories and/or states ("National Accounts"). Franchisor may offer Franchisee the right to service National Accounts customers in the Territory, provided that Franchisee accept negotiated terms; otherwise, Franchisor may service the National Accounts customers either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels or declined National Accounts customers made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

#### **4 TERM.**

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is five (5) years following the Opening Date, as defined in Section 8 hereof (the "Term").

#### **5 SUCCESSOR OPTIONS.**

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for up to one (1) additional term equal to five (5) years. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall not be charged a successor agreement fee.

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than nine (9) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).

- 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.
- 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
- 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required, pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
- 5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
- 5.2.2 Franchisee shall not have committed two (2) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.
- 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4 Franchisee shall have completed any required updates to the Franchised Business office in order to meet system standards.
- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Ideal Siding Franchising (USA) INC., its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 5. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, vehicle, equipment, and trade dress to conform to the plans and specifications being used for new franchised businesses on the successor date.

- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Ideal Siding franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.
- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

## 6 FEES.

- 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:
- 6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee (the "Initial Fee") of Fifty Thousand Dollars (\$50,000.00). **The Initial Fee is fully earned at the time this Franchise Agreement is signed.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.
- 6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, monthly and throughout the Term, a royalty fee equal to eight percent (8%) of the Gross Sales, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Sales" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) refunds and credits made in good faith to arms' length customers, provided such credits or refunds are made in accordance with

Franchisor's standards and specifications, or (iii) the discount value of any voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the customer's voucher or allowance.

6.1.3 Gross Sales Reports. Franchisee shall, on the seventh (7<sup>th</sup>) day of each calendar month, furnish Franchisor with a report showing Franchisee's Gross Sales at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the prior calendar month (the "Gross Sales Report"). The Gross Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, (i) Franchisee shall submit, or (ii) Franchisor may remotely access, the Gross Sales Report by an electronic transfer of data via the computer information systems ("Computer System") that Franchisor may require Franchisee use in the operation of the Franchised Business.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Sales Report, pay Franchisor the Royalty Fee, the Admin Fee, as defined and more particularly described below, the Lead Fee, as defined and more particularly described below, and the General Branding Fund Fee, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization attached as Attachment 6 that allow Franchisor to automatically take the Royalty Fee, Admin Fee, Lead Fee and General Branding Fund Fee due as well as all other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Sales are reported. Franchisor reserves the right to modify the method and frequency of collection of the Royalty Fee, Technology Fee, Accounting Fee and General Branding Fund Fee upon forty-five (45) days' prior notice to Franchisee.

6.2 Late Fee. If the Royalty Fee, Admin Fee, Lead Fee, General Branding Fund Fee, or any Gross Sales Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, Admin Fee, Lead Fee, the General Branding Fund Fee, and/or submit Gross Sales Reports in accordance with the terms of this Agreement.

6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 2% per month or at the highest rate permitted by law, whichever is lower.

- 6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of One Hundred Dollars (\$100.00) per occurrence. This non-sufficient fund fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5 Technology Fee. Franchisor reserves the right to require the use of certain information technology which meets the Franchisor's standards and specifications and may be necessary to permit the Franchisee to fully utilize the System, obtain certain services from the Franchisor and communicate with the Franchisor, Clients and others. Franchisee shall pay to Franchisor or to such third parties the at cost fee if such technology is required.
- 6.6 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, General Branding Fund Fee or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.7 Administration Fee. Franchisee agrees to pay Franchisor, throughout the term of the Agreement, an administration fee equal to Five Hundred Dollars (\$500.00) monthly (the "Admin Fee"). Franchisee shall pay the Administrative Fee monthly, together with the payment of the Royalty Fee, Technology Fee, and General Branding Fund Fee, as defined and more particularly described in Article 13, for administrative services that Franchisor designates and Franchisor will collect this fee on behalf of Franchisor's designated administrative services provider. Franchisor may, in its sole discretion, increase the amount owed, provided that Franchisor provides Franchisee thirty (30) days written notice, but Franchisor shall not increase the Administration Fee more frequently than annually. Any increases above Six Hundred Fifty Dollars (\$650.00) monthly will be capped at ten percent (10%). If Franchisee requests additional services from Franchisor's accounting services provider outside of the designated accounting services, Franchisee shall be solely responsible for the costs of such additional services.
- 6.8 Non-Compliance Fee. In the event Franchisee is not in compliance with any terms of this Agreement or the Manual, Franchisee shall pay to Franchisor a non-compliance fee equal to Three Hundred Dollars (\$300.00) per incident or per day, as the case may be ("Non-Compliance Fee").
- 6.9 Lead Fees. Franchisee agrees to pay a Lead Fee to Franchisor for customer leads provided by Franchisor to the Franchised Business. The Lead Fee will be issued monthly, or as frequently as Franchisor may reasonably determine. The Lead Fee reimburses us for the expenses incurred in finding Leads. The number of leads generated will vary depending upon the individual markets. The Franchisor may provide a discount for leads if it determines this is appropriate depending upon individual circumstances, in the Franchisor's sole discretion. The Lead Fee is calculated by multiplying the Total Fixed Cost the Franchisor incurs to advertise and administer leads by the percentage of the total

leads in the System provided to the specific franchisee and additional cost of Leads Acquisition for the location. The Lead Fee currently assessed is \$50 to \$250 per lead provided. Franchisor reserves the right to increase the fee range in the future should it decide to do so.

## **7 TRAINING.**

- 7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals, who will be involved in operations of the business) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program"), at least two weeks (but no more than six weeks prior to the opening of the Franchised Business. The Initial Training Program will be conducted at Franchisor's headquarters. Franchisor reserves the right to designate an alternate location for any course component of the Initial Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) individuals to take the Initial Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Franchisee has satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the franchisee, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that Franchisee and Franchisee's Principal(s) cannot satisfactorily complete the Initial Training Program, Franchisor may terminate this Agreement and will refund the Initial Franchise Fee.
- 7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:
- (i) on-going training for up to five (5) days per year, at a location designated by Franchisor.
  - (ii) a national business meeting or annual convention for up to five (5) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement.

Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.4 On-Site Supplemental Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site or video conference supplemental training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, including opening assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.5 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.4, furnish consultation and assistance to Franchisee, either in person or by telephone, video conferencing, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## 8 FRANCHISED LOCATION REQUIREMENTS.

### 8.1 Site Requirements.

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a location for the Franchised Business within the Territory. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business location or vehicle storage. Franchisee may operate from a home-based office. If Franchisee elects to operate from a commercial office space, Franchisor shall review the lease for such office space for Franchisor required terms only. Franchisor does not guarantee the success of any location.

8.1.2 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory on Attachment 3 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 3, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 3; otherwise, Attachment 3 provided to Franchisee shall be deemed final.

- 8.2 Preparation of Vehicle and Office. Franchisee shall be responsible for equipping and outfitting their Ideal Siding vehicle and office as required by the Operations Manual.
- 8.3 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program and safety training as further set forth in Article 7, (ii) hire and train staff, (iii) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.
- 8.4 Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 3, and no other. Franchisee may relocate the location of Franchisee's Franchised Business office to another location: (i) Franchisee provides Franchisor thirty (30) days prior written notice of Franchisee's intent to relocate; (ii) if applicable, Franchisee shall remove any signs or other property from the original Franchised Business premises which identified the original Franchised Business office as part of the System; and (iii) Franchisor shall issue a revised Attachment 3, in accordance with Section 8.1.2, to reflect the address of the new Franchised Business location..

## **9 MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED OFFICE, VEHICLE AND SYSTEM.**

- 9.1 Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business office location, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired fixtures, equipment, vehicles and computer hardware, software and accessories, as Franchisor may direct.
- 9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.3 Trade Dress Modifications.

- 9.3.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, “Trade Dress Modifications”).
- 9.3.2 Franchisee shall, at Franchisee’s sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than once in any five (5) year period following the Opening Date, to conform to Trade Dress Modifications. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.
- 9.3.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.
- 9.4 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.
- 9.5 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee’s level of success, superior performance and profitability.

## 10 **FRANCHISOR’S OBLIGATIONS.**

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Territory and Site Determination. Designate the boundaries of Franchisee’s Territory, by description and/or mapped boundaries, and set forth same in Attachment 3 attached hereto and incorporated herein. Franchisor shall also approve the site of the Franchised Business premises location in accordance with Section 8.1.

- 10.2 Vehicle Preparation. Provide to Franchisee criteria and specifications for an Ideal Siding vehicle modification. Such criteria and specifications include, but are not necessarily limited to, signage, color and equipment modifications to Franchisee's vehicle. Franchisee shall independently, and at Franchisee's expense, have the vehicle modified to follow such criteria and specifications in accordance with Article 8.
- 10.3 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4 Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.
- 10.4 Pre-Opening Requirements. Provide a written list of equipment, fixtures, signage, suppliers and/or products that will be required and/or recommended to open the Franchised Business for business.
- 10.5 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.6 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.7 Training. The training programs specified in Article 7 herein.
- 10.8 On-Going Assistance. Post-opening assistance at the Franchised Business office location in accordance with the provisions of Article 7.
- 10.9 General Branding Fund. Administer the General Branding Fund in accordance with Section 13.3.

## 11 **FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS.**

- 11.1 Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

- 11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;
- 11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;
- 11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;
- 11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;
- 11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, un-liquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and
- 11.2.6 The individual stakeholders of Franchisee are accurately set forth on Attachment 8.
- 11.3 Guaranty. If any Franchisee or Principal is a married individual and the Franchisee's or Principal's spouse has not executed this Agreement, such Franchisee or Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 9 hereof.
- 11.4 Appointment of Manager.
- 11.4.1 Franchisee shall be actively involved in the management of the Franchised Business. Notwithstanding the foregoing, Franchisee may designate and retain at all times a general manager ("General Manager") to direct daily the operation and management of the Franchised Business. The General Manager may, but does not have to, be Franchisee, if Franchisee is an individual, or a Principal. In the event Franchisee elects to designate a General manager, Franchisee shall designate its General Manager prior to attending the Initial Management Training Program.
- 11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

- 11.4.2.1 The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor and shall be an individual otherwise acceptable to Franchisor in its sole discretion.
- 11.4.2.2 The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other competitive business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.
- 11.4.2.3 The General Manager shall satisfy the training requirements set forth in Article 7.
- 11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement General Manager shall attend and satisfactorily complete the Initial Management Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition. Until such replacement is designated and trained, Franchisee shall provide interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee ten percent (10%) of the Gross Sales generated by the Franchised Business during Franchisor's operation thereof until such General Manager is properly trained or certified in accordance with Franchisor's requirements, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.
- 11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, state and local aviation permits and licenses for drone use, any permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.
- 11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the

business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, software or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## 12 **FRANCHISEE'S OPERATIONS.**

12.1 Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

- 12.1.2 Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;
- 12.1.3 Employ sufficient employees or third-party contractors as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;
- 12.1.4 Employ or contract only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement. Franchisee specifically acknowledges that Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employee's working conditions. Franchisor does not in any way determine the terms and conditions of employment of Franchisee's employees and does not participate in any matters relating to the employment relationship between Franchisee and Franchisee's employees, including but not limited to hiring, termination, wage and hour issues, and work conditions. Franchisee shall communicate clearly to Franchisee's employees in all dealings, including, without limitation, all written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer;
- 12.1.5 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through service attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.6 Maintain in good working order, cleanliness and appearance, all vehicles for use in the Franchised Business that meet Franchisor's specifications and standards of condition, age and branding, as set forth in the Manual.
- 12.1.7 Prominently display signage in and upon the Franchised Business office and vehicle(s) for use in the Franchised Business that incorporate the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing. Franchisee shall not display any signage upon the Franchised Business office, vehicle(s) or elsewhere of any kind to which Franchisor reasonably objects, including signs and advertising media that are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof,

Franchisor may at any time enter upon the Franchised Business office or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.8 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.1.9 Keep the Franchised Business premises in good condition and repair and in a proper and businesslike manner, using Franchisee's best efforts to maintain a clean and respectable atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor. Franchisee shall make such repair, remodel or restoration to the Franchised Business premises as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time.

## 12.2 Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any Gross Sales Report understated, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatements of by more than 3%, or by any understatement that exceeds 5%, should be considered an incurable default. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 12.3 Computer Systems.

12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Sales. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other computer systems and web-based payment processing and bookkeeping accounts.

12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the

Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.

12.3.6 Franchisor has established a website that provides information about the System and the products and services offered by the Ideal Siding System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisee has no ownership or other proprietary rights to Franchisor's website.

12.3.7 In addition to the requirements of Section 6.5, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees..

12.3.8 Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, clients, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Customer Safety. Franchisee shall conduct a background review of every prospective employee's or contractor's criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that Franchisor requires and that Franchisee determines to be necessary and appropriate, prior to hiring or engaging. Franchisee shall not hire or contract with any individual for any position involving entrance into a residence if such individual's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any crime. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee, prospective employee or contractor of Franchisee, or any third party for any act or omission of Franchisee or any employee, agent or contractor of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or

omission of Franchisee or any employee, agent or contractor of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee, agent or contractor of Franchisee).

- 12.6 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.
- 12.7 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved product or material for siding projects from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to Seven Hundred Fifty dollars (\$750.00) for inspection and testing, which may be refunded if the product or supplier is approved. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.8 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.9 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful agreement operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

## 13 ADVERTISING, PROMOTIONS AND RELATED FEES.

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

### 13.2. Local Franchisee Marketing Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.2 below, Franchisee shall pay to us within thirty (30) days after the opening of the Franchised Business Five Thousand Dollars (\$5,000.00) on leads for the Franchised Business in the Territory (“Local Franchisee Marketing Advertising”). Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, up to one-half of Franchisee’s required Local Advertising expenditures. Such allocation will be in partial satisfaction of Franchisee’s obligations pursuant to this Section 13.2.1. Franchisor reserves the right to collect some or all of Franchisee’s Local Advertising expenditure and implement Local Advertising on Franchisee’s behalf.

13.2.2 Within ten (10) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations. Franchisor reserves the right to collect some or all of Franchisee’s grand opening funds and implement grand opening campaign activities on Franchisee’s behalf.

### 13.3 General Branding Fund.

13.3.1 Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the “General Brand Fund”) on behalf of the System for national advertising and marketing. Franchisee is required to contribute an amount equal to one percent (1%) of the Gross Sales generated by Franchisee’s Franchised Business to the General Branding Fund (“General Branding Fund Fee”). Franchisor reserves the right, in Franchisor’s sole discretion

and at any time and from time to time, to increase the amount of the General Branding Fund Fee up to three percent (3%) of the Gross Sales generated by Franchisee's Franchised Business. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last General Branding Fund Fee payable. Franchisor shall reconcile amounts when Gross Sales are reported.

- 13.3.2 Franchisor shall direct the Brand Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the General Branding Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3 Franchisor may, but has no obligation to, contribute to the General Branding Fund on the same basis as Franchisee with respect to Ideal Siding outlets operated by Franchisor or Franchisor's affiliates.
- 13.3.4 Franchisor may use the General Branding Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).
- 13.3.5 The General Branding Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the General Branding Fund and such costs and expenses pursuant Section 13.3.4. The General Branding Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.6 Franchisor will prepare an unaudited annual statement of the General Branding Fund's operations and will make it available to Franchisee upon request. In administering the General Branding Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

- 13.3.7 Although the General Branding Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the General Branding Fund, however, until all monies in the General Branding Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.
- 13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the Term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required General Branding Fund Fee; provided, however, if a vote of the cooperative members increases the required cooperative contribution, Franchisee shall contribute such increased amount.
- 13.5 Directory Listings. Franchisee must not list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines without Franchisor's prior written approval. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements. Unless and until Franchisor grants Franchisee approval to maintain a business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site, Franchisor shall manage such profile(s) on Franchisee's behalf.
- 13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Ideal Siding brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14 INTELLECTUAL PROPERTY.

### 14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Celsior Holding Group Ltd., (“Licensor”) or its successor, is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, project designs and templates, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor’s trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the “Intellectual Property”.

14.1.2 As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor or Licensor’s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor’s or Licensor’s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee’s use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor or Licensor’s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all

such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Ideal Siding" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Ideal Siding Franchising (USA) INC."

14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Ideal Siding franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion

of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## **15 INSURANCE AND INDEMNIFICATION.**

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor written by a responsible carrier or carriers acceptable to Franchisor, with an A.M. Best rating of not less than A-VII, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds and certificate holders, as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 Liability. Commercial general liability insurance, including public liability, personal injury, advertising injury, and products liability/completed operation coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Five Million Dollars (\$5,000,000) general aggregate;

15.1.2 Employment. Worker's compensation coverage in the limits required by state law, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3 Property. Fire, vandalism and extended coverage insurance for property damage with primary and excess limits of not less than the greater of (i) Ten Thousand Dollars, or (ii) the full replacement value of the leasehold improvements, equipment, furniture, fixtures, and inventory, and coverage for property damage to customers' property and borrowed equipment of not less than Ten Thousand Dollars (\$10,000) per occurrence;

- 15.1.4 Business. Business interruption insurance for a minimum of six (6) months, in an amount necessary to satisfy Franchisee's obligations under this Agreement and the lease for the Franchised Business location.
- 15.1.5 Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily injury and property damage of Five Hundred Thousand Dollars (\$500,000), or greater if required by state law.
- 15.1.6 Electronic Data Processing. Coverage for damage or loss of electronic and computer equipment, media and data in an amount of not less than Ten Thousand Dollars (\$10,000) annual aggregate, and coverage for interruption of computer operations in an amount of not less than Ten Thousand Dollars (\$10,000) annual aggregate;
- 15.1.7 Identity Theft, Forgery or Alteration. Coverage for identity forgery, alteration or theft in an amount of at least Fifty Thousand Dollars (\$50,000) per loss and Fifty Thousand Dollars (\$50,000) for expenses; and
- 15.1.8 Money and Securities. Inside and outside coverage for loss of money and securities in an amount of at least Five Thousand Dollars (\$5,000) per loss.
- 15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. Franchisee shall deliver the initial Certificate of Insurance no later than ten (10) days before Franchisee opens the Franchised Business. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof, together with a reasonable fee equal to ten percent (10%) of the cost for Franchisor's expenses in so acting, plus Franchisor's attorneys' fees, if any. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional d. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees, and all required insurance policies shall contain a waiver of subrogation in favor of the additional insureds.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS IDEAL SIDING FRANCHISING (USA), INC., IDEAL SIDING FRANCHISING INC, CELSIOR HOLDING GROUP LTD, AND ANY OF THESE COMPANIES' PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "IDEAL SIDING INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S IDEAL SIDING ® FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE IDEAL SIDING INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE IDEAL SIDING INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE IDEAL SIDING INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE IDEAL SIDING INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE IDEAL SIDING INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE IDEAL SIDING INDEMNITEES.

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## 16 TRANSFERS.

### 16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of

Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to an Ideal Siding franchise during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the siding business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written

consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

- 16.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.
- 16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;
- 16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
- 16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seven thousand Five Hundred Dollars (\$7,500); provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is Fifteen Thousand Dollars (\$15,000), and (ii) for transfers of ownership interest among existing principals, shareholders or members, or to add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the Franchise, the transfer fee is Five Thousand Dollars (\$5,000).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

#### 16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at a fee equal to ten percent (10%) of the Gross Sales generated by the Franchised Business during Franchisor's operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains a loan (an "SBA Loan") from a lender (the "Lender") in

which funding is provided with the assistance of the United States Small Business Administration (“SBA”), Franchisee shall be permitted to grant Lender and/or SBA a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Loan, and Franchisor agrees to subordinate its interest in any lien on Franchisee’s Uniform Commercial Code collateral to that of the Lender and/or SBA as the case may be.

## **17    DEFAULTS.**

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee’s business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee’s assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee’s business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults With No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to equip and make operational your Franchised Business or vehicle(s) obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the location or vehicle is damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for which Franchisor’s approval to repair or replace the location or vehicle (which approval shall not be unreasonably withheld) and Franchisee diligently pursues repair, replacement, reconstruction or relocation, as the case may be;

- 17.2.4 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located, or loses possession of the Franchised Business vehicle(s); provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.4 or the Franchisee obtains a replacement vehicle within thirty (30) days.
- 17.2.5 fails to restore the Franchised Business premises to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty, as may be extended by Franchisor in Franchisor's reasonable discretion;
- 17.2.6 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.7 defaults under any lease, sublease, or financing agreement for the Franchised Business premises or defaults under any lease or financing agreement for vehicle(s) used in the operation of the Franchised Business;
- 17.2.8 understates Gross Sales on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9 fails to comply with the covenants in Article 15;
- 17.2.10 permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.12 has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or engages in any other conduct that may harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.15 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.16 creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;

17.2.17 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.18 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.19 fails to comply with the non-competition covenants in Section 19.5;

17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23 fails to meet Minimum Performance Standards; or

17.2.24 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after

Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 enter upon the Franchised Business or vehicle and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Sales generated by the Franchised Business during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

## 18 POST-TERMINATION.

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

- 18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Ideal Siding owner, franchisee or licensee;
- 18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
- 18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
- 18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;
- 18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
- 18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and
- 18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19.
- 18.1.8 pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and General Branding Fund Fee payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has

been open less than twelve (12) months); (b) multiplied by the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2 Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any computer systems), vehicles, signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## **19 NON-DISCLOSURE AND NON-COMPETITION COVENANTS.**

### **19.1 Operations Manual.**

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) is provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principal(s), if any, shall not

divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all time remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of

the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the “Confidential Information”). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee’s employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor’s prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee’s own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business (“Improvements”), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5 Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee’s managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such

specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any siding products and services business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Ideal Siding franchisee.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any siding products and services business within twenty-five (25) miles of the Territory or any Ideal Siding outlet; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Ideal Siding franchisee.

19.6 Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), if any, since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

- 19.8 Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9 No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10 Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons that will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 12 as revised and updated from time to time and contained in the Manual.

## **20 DISPUTE RESOLUTION.**

- 20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.
- 20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Washington. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the

laws of the State of Washington. Franchisee and its Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Vancouver, BC. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

- 20.4 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.2 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.5 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.2 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.
- 20.7 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.
- 20.8 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.
- 20.9 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## 21 GENERAL.

- 21.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s), if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except nothing herein is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal(s) shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

- 21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business premises and as authorized in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.
- 21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Delaware, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

## **22 ACKNOWLEDGMENTS.**

Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgements are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

-Remainder of Page Left Blank Intentionally-

The parties hereto have executed this Franchise Agreement the day and year first above written.

FRANCHISOR:

Ideal Siding Franchising (USA) INC.

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## ATTACHMENT 1

### FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Ideal Siding Franchising (USA) INC. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE IDEAL SIDING FRANCHISING (USA), INC, CELSIOR HOLDING GROUP LTD, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

(Print Name)

\_\_\_\_\_  
(Print Name, Title)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

## ATTACHMENT 2

Service Marks –



**ATTACHMENT 3**

**TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS LOCATION**

(If there is no Accepted Location on the Effective Date, include: **\*\*TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER AN IDEAL SIDING PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF \_\_\_\_\_.**)

Territory (insert map and/or define by zip codes):

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Franchised Business Premises Address:

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## ATTACHMENT 4

### MINIMUM PERFORMANCE STANDARDS

Ideal Siding	
Year	Minimum Annual Gross Sales
1	\$250,000
2	\$500,000
3	\$750,000
4	\$1,000,000
5+	\$250,000+ a compound annual increase of ten (10%) percent per twelve (12) month period.

**ATTACHMENT 5**

**GENERAL RELEASE**

\_\_\_\_\_ (“Franchisee”) and its principal(s):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(a) Franchisee and Franchisee’s Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the “Released Franchisor Party”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Franchisee or Franchisee’s Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Franchise Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Franchisee or Franchisee’s Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Franchisee and Franchisee’s Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys’ fees and costs.

(b) Franchisee and Franchisee’s Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee’s Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee’s Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Franchisee and Franchisee’s Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee’s

Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

Executed as of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

**ATTACHMENT 6**

**AUTHORIZATION AGREEMENT  
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: **Ideal Siding Franchising (USA) INC.**

I (We) hereby authorize Ideal Siding Franchising (USA) INC., hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

\_\_\_\_\_  
Print Franchisee / Account Holder Name                      Print Franchisee/Co-Account Holder Name

\_\_\_\_\_  
Franchisee/ Account Holder Signature-Date                      Franchisee/Co-Account Holder Signature-Date

\_\_\_\_\_  
Daytime Phone Number    Email Address

**PLEASE ATTACH A VOIDED CHECK TO THIS FORM**

**Please Return Form to: Ideal Siding Franchising (USA)  
INC.  
1104-2980 Atlantic Ave,  
Coquitlam, BC V3B 0G2  
1-855-574-3464**

**ATTACHMENT 7**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY**

**Name**

**Percentage of Ownership**

**ATTACHMENT 8**

**GUARANTY**

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_, 20\_\_ to Ideal Siding Franchising (USA) INC., a Delaware corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by the successor term of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
Print Name: \_\_\_\_\_

## ATTACHMENT 9

### INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between Ideal Siding Franchising (USA) INC., a Delaware corporation (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee”).

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Ideal Siding business (“Franchise Agreement”) which may include internet-based advertising, maintain social media accounts, software, and use telephone listings linked to the Ideal Siding brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Web Sites, Social Media Accounts, Software, and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites, Social Media Accounts, Software and other Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites, Social Media Accounts, Software, and other Listings to Franchisor; and

(ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts, Software, and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts, Software, and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts, Software, and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s Interest in and to the Internet Web Sites, Social Media Accounts, Software, and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts, Software, and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing,

Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits, attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of Delaware, without regard to the application of Delaware conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE

\_\_\_\_\_

FRANCHISOR:

Ideal Siding Franchising (USA) INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT 10

### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Ideal Siding Franchising (USA) INC., a Delaware Corporation (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the trademark “Ideal Siding” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of Franchised Business outlets;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Ideal Siding operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

#### **1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

## **2. Covenants Not to Compete.**

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Ideal Siding system or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any siding products and services business.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Ideal Siding System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any siding products and services business within the within twenty-five (25) miles of Franchisee's Territory or any Ideal Siding location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

## **3. General.**

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO DELAWARE CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF DELAWARE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY DELAWARE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN DELAWARE; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Only a duly authorized writing executed by all parties may modify this Agreement.

**i.** All notices and demands required hereunder shall be in writing, and shall be delivered personally, or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_

If directed to Covenantor:

\_\_\_\_\_  
\_\_\_\_\_

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COVENANTOR:

\_\_\_\_\_

Name: \_\_\_\_\_

**ATTACHMENT 11**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

[City, State]

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (“Maker”), a \_\_\_\_\_ with an address at \_\_\_\_\_, hereby promises to pay to the order of Ideal Siding Franchising (USA) INC., a Delaware corporation having its principal place of business at 1104-2980 Atlantic Ave, Coquitlam, Canada V3b0g2 (“Payee”) the principal sum of \_\_\_\_\_ Thousand and 00/100 (\$\_\_\_\_,000.00) Dollars. Said principal shall be payable with interest thereon at the rate of \_\_\_\_ percent (\_\_\_%) per annum according to one of the following repayment options:

in twenty-four (24) monthly installments of principal and interest in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars each, commencing on the fifth (5<sup>th</sup>) day of the month after the date hereof, and continuing thereafter on the fifth (5<sup>th</sup>) day of each of the following twenty-three (23) months; or

in twelve (12) monthly installments of principal and interest in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars each, payable on the fifth (5<sup>th</sup>) day of the months of April through September during the calendar years 20\_\_ and 20\_\_.

Maker shall have the right to prepay this Note in whole at any time or in part from time to time without penalty or premium, provided that on each prepayment Maker shall pay accrued interest on the principal amount so prepaid to the date of such prepayment, and each partial prepayment shall be applied to the installments of this Note in inverse order of their stated maturities.

All payments by Maker on account of principal or interest hereunder shall be made in lawful money of the United States of America, in immediately available funds.

This Note represents the balance owed to Payee under that certain Franchise Agreement, dated \_\_\_\_\_, between Maker and Payee (the “Franchise Agreement”). Unless otherwise defined herein, all capitalized terms used in this Note shall have the meanings assigned to them in the Franchise Agreement.

Each of the following shall be an “Event of Default” under this Note:

1. Maker shall fail to make any payment of principal of or interest on this Note on the due date therefor;
2. Any judgment against Maker or any attachment, levy or execution against any of its properties for any amount shall remain unpaid, or shall not be released, discharged, dismissed, or fully bonded for a period of thirty (30) days or more after its entry, issue or levy, as the case may be;

3. Maker shall become insolvent (however evidenced) or be unable, or admit in writing its inability, to pay its debts as they mature;

4. Maker shall make an assignment for the benefit of creditors, or a trustee, receiver or liquidator shall be appointed for Maker or for any of its property, or the commencement of any proceedings by Maker under any bankruptcy, reorganization, arrangement of debt, insolvency, receivership, liquidation or dissolution law or statute, or the commencement of any such proceedings without the consent of Maker, and such proceedings shall continue undischarged for a period of thirty (30) days; or

5. The breach by Maker of any representation, warranty or covenant contained in or made pursuant to the Franchise Agreement.

Upon the occurrence of an Event of Default, Payee may declare the entire unpaid principal amount of this Note and all interest accrued and unpaid hereon to be forthwith due and payable, whereupon the same shall become and be immediately due and payable (time being of the essence of this Note), and recapture the Franchise Agreement and territory associated therewith.

After an Event of Default, interest on the unpaid balance of this Note shall accrue and be payable at the maximum contract rate permitted by law. If an Event of Default should occur, Maker will pay all costs and expenses of enforcement and collection of this Note, including attorneys' fees.

No failure on the part of Payee to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Payee of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

This Note shall be construed in accordance with the laws of the State of Delaware.

This Note shall be binding upon Maker and its successors and assigns, and the terms hereof shall inure to the benefit of Payee and its successors and assigns, including subsequent holders hereof.

Maker hereby waives presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of this Note, and consents to any and all extensions of time, or terms of payment of this Note.

Maker hereby irrevocably consents to the jurisdiction of any applicable Delaware State or federal court over any action or proceeding arising out of any dispute between Maker and Payee, and Maker further irrevocably consents to the service of process in any such action or proceeding by the mailing of a copy of such process to Maker at the address set forth above.

Maker expressly waives any and every right to a trial by jury in any action on or related to this Note or the enforcement thereof.

\_\_\_\_\_  
Maker

By: \_\_\_\_\_

Title: \_\_\_\_\_

## INDIVIDUAL GUARANTY OF PROMISSORY NOTE

In consideration of any financial accommodations previously, now or hereafter made or granted by Ideal Siding Franchising (USA) INC., (“Lender”) to or for the account of \_\_\_\_\_ (“Borrower”), under that certain Promissory Note (the “Note”) dated \_\_\_\_\_, 20\_\_ payable by Borrower to Lender, said Note having been delivered in connection with that certain Franchise Agreement between Borrower as Franchisee and Lender as Franchisor dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), and in order to induce Lender to accept the Note from Borrower, \_\_\_\_\_ (“Principal”), being the \_\_\_\_\_ [title] and the holder of a majority interest in Borrower, hereby guaranties: (i) the prompt payment to Lender of all sums which may in any manner whatsoever be presently due and owing and of all sums which shall in the future become in any manner whatsoever due and owing to Lender from Borrower under the Note whether by acceleration or otherwise; and (ii) the due performance by Borrower of all its obligations under the Note.

Principal also agrees: (a) that the liability of Principal is DIRECT, ABSOLUTE AND UNCONDITIONAL and may be enforced without (i) requiring Lender first to resort to any other right, remedy or security or (ii) regard to the validity, regularity or enforceability of any obligation or purported obligation of Borrower under the Note or otherwise; (b) that this Guaranty shall not be impaired by any modification or extension of the Note or any other agreement between Borrower and Lender, nor by any modification or release of any of the obligations hereby guaranteed or of any security therefor, nor by any agreement or arrangement whatsoever with Borrower or anyone else; (c) that Principal shall be liable to Lender for all attorneys’ fees and costs incurred by Lender by reason of this Guaranty or in connection with or arising out of or in enforcing any rights granted Lender hereunder or in any respect relating to the Note; (d) that Principal shall not have any right of subrogation, reimbursement or indemnity whatsoever, nor any right of recourse to security for the debts and obligations of Borrower to Lender, unless and until all of Borrower’s obligations in respect of the Note have been paid in full; (e) that if Borrower or Principal shall at any time become insolvent or make a general assignment or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by or against Borrower or Principal, any and all obligations of Principal shall, at Lender’s option, become immediately due and payable without notice; (f) that this Guaranty is, as to Principal, a continuing Guaranty which shall remain effective until all obligations of Borrower to Lender shall be paid in full; (g) that nothing shall discharge or satisfy the liability of Principal except the full payment and performance of all Borrower’s debts and obligations to Lender in respect of the Note; (h) that any and all present and future debts and obligations of Borrower to Principal are hereby waived and postponed in favor of and subordinated to the full payment and performance of all present and future debts and obligations of Borrower to Lender.

Principal warrants and represents to and covenants with Lender that: this Guaranty contains Principal’s entire agreement with respect to Principal’s guarantee of Borrower’s obligations; all prior agreements, commitments, understandings, representations, warranties and negotiations in connection herewith, if any, are hereby merged into this Guaranty; and no oral representations shall in any manner whatsoever modify or explain any of the terms and conditions of this Guaranty. This Guaranty may not be changed or terminated in any manner whatsoever except in writing signed by Principal and Lender.

Principal covenants with Lender that Principal has the full legal right, power and authority to execute this Guaranty; and that none of Principal’s obligations hereunder will result in any breach of any provision of any agreement or instrument to which Principal is a party or by which Principal is bound.

**PRINCIPAL WAIVES:** (a) notice of acceptance hereof; (b) THE RIGHT TO A JURY TRIAL IN ANY ACTION HEREUNDER; (c) presentment, demand and protest of any instrument and notice

thereof; (d) notice of default; (e) all other notices or formalities to which Principal is or might be entitled whether by law or otherwise; and (f) all rights of set-off.

Principal's obligations under this Guaranty shall include all amounts paid by or on behalf of Borrower which may be recovered by any person or entity as a preference, fraudulent transfer or conveyance or similar transfer and all of Lender's costs and expenses of the defense of any action for such recovery.

This Guaranty, all acts and transactions hereunder and the rights and obligations of the parties hereto, shall be governed, construed and interpreted according to the laws of the State of Delaware. Principal hereby agrees that all actions or proceedings arising directly or indirectly, in connection with, out of or related to this Guaranty ("Litigation") shall be litigated, in Lender's sole discretion and election, in state and federal courts in \_\_\_\_\_, Delaware, and Principal hereby subjects himself and consents to the jurisdiction and venue of the federal and state courts located in the State of Delaware, as the exclusive jurisdiction in any action or proceeding brought by Principal arising out of this Guaranty, and any documents or agreements executed in connection therewith, and designates such Courts as the exclusive jurisdiction and the proper venue for any action brought against Principal.

This Guaranty shall be binding upon the successors and assigns of Principal and shall inure to the benefit of Lender's successors and assigns. This Guaranty shall apply in favor of and be jointly and severally enforceable by Lender and each of its affiliates, successors and assigns.

GUARANTOR:

PRINT NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

EXHIBIT C

**LIST OF FRANCHISEES**

None	
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\* Franchise Agreement signed but location not open as of the issuance date of this Disclosure Document.

**EXHIBIT D**

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Addendum 1. SUBCONTRACTOR AGREEMENT TEMPLATE

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Addendum 4. Example of the Chart of Account structure for the bookkeeper

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

**IDEAL SIDING FRANCHISING (USA) INC.**

FINANCIAL REPORT

AS OF DECEMBER 31, 2021



**IDEALSIDING**

**IDEAL SIDING FRANCHISING (USA) INC.**

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## Independent Auditor's Report

To the Shareholder  
Ideal Siding Franchising (USA) Inc.  
Middletown, Delaware

### *Report on the Financial Statements*

We have audited the accompanying balance sheet of Ideal Siding Franchising (USA) Inc. as of December 31, 2021, and the related statements of operations, stockholder's (deficit), and cash flows for the period from March 18, 2021 (Inception) through December 31, 2021, and the notes to financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideal Siding Franchising (USA) Inc. as of December 31, 2021, and the results of their operations and their cash flows for the period from March 18, 2021 (Inception) through December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

*Reese CPA LLC*

Thornton, Colorado  
March 2, 2022

15953 Fillmore Street • Thornton, CO 80602  
Office: (303) 999-6485 • Fax (303) 284-5041

**IDEAL SIDING FRANCHISING (USA) INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2021**

**ASSETS:**

**CURRENT ASSETS**

Cash and equivalents	\$	-
----------------------	----	---

<b>TOTAL CURRENT ASSETS</b>		-
-----------------------------	--	---

<b>NON-CURRENT ASSETS</b>		-
---------------------------	--	---

<b>TOTAL ASSETS</b>	\$	-
---------------------	----	---

**LIABILITIES AND STOCKHOLDER'S (DEFICIT)**

**CURRENT LIABILITIES**

Accrued expenses		544
------------------	--	-----

Due to Shareholders	\$	23,529
---------------------	----	--------

<b>TOTAL CURRENT LIABILITIES</b>		24,073
----------------------------------	--	--------

<b>NON-CURRENT LIABILITIES</b>		-
--------------------------------	--	---

<b>TOTAL LIABILITIES</b>		24,073
--------------------------	--	--------

**STOCKHOLDER'S (DEFICIT)**

Common stock, par value \$.01, authorized 1,000 shares issued and outstanding 1,000 shares		10
---	--	----

Stock subscription receivable		(10)
-------------------------------	--	------

Retained (deficit)		(24,073)
--------------------	--	----------

<b>TOTAL STOCKHOLDER'S (DEFICIT)</b>		(24,073)
--------------------------------------	--	----------

<b>TOTAL LIABILITIES AND STOCKHOLDER'S (DEFICIT)</b>	\$	-
--	----	---

The accompanying notes are an integral part of these financial statements.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD FROM MARCH 18, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021**

<b>REVENUES</b>	\$ -
<b>OPERATING EXPENSES</b>	
Professional fees	24,073
<b>TOTAL OPERATING EXPENSES</b>	<u>24,073</u>
<b>OPERATING LOSS</b>	(24,073)
<b>OTHER INCOME (EXPENSE)</b>	-
<b>NET LOSS</b>	<u><u>\$ (24,073)</u></u>

The accompanying notes are an integral part of these financial statements.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S (DEFICIT)**  
**FOR THE PERIOD FROM MARCH 18, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021**

	<u>Common Stock</u>	<u>Stock Subscription Receivable</u>	<u>Retained (Deficit)</u>	<u>Total Stockholder's (Deficit)</u>
<b>BALANCE, MARCH 18, 2021 (INCEPTION)</b>	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	10	(10)	-	-
Net loss	-	-	(24,073)	<b>(24,073)</b>
<b>BALANCE, DECEMBER 31, 2021</b>	<u><u>\$ 10</u></u>	<u><u>\$ (10)</u></u>	<u><u>\$ (24,073)</u></u>	<u><u>\$ (24,073)</u></u>

The accompanying notes are an integral part of these financial statements.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM MARCH 18, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$	(24,073)
Changes in assets and liabilities:		
Due to shareholders		23,529
Accrued expenses		544
Net cash provided by operating activities		-

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net cash used for investing activities		-
--	--	---

**CASH FLOWS FROM FINANCING ACTIVITIES**

Issuance of common stock		10
Stock subscription receivable		(10)
Net cash provided by financing activities		-

**NET INCREASE IN CASH**

-

**CASH, BEGINNING**

-

**CASH, ENDING**

\$ -

**SUPPLEMENTAL DISCLOSURES**

Cash paid for interest	\$	-
Cash paid for taxes	\$	-

The accompanying notes are an integral part of these financial statements.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Ideal Siding Franchising (USA) Inc. (“Company”) was formed on March 18, 2021, (Inception) in the state of Delaware as a corporation. The Company grants a franchise to operate a business that provides professional home siding services to homeowner clients, as well as providing other ancillary and related services using the Ideal Siding business system (the “System”).

Parents

The Company has parent companies. Ideal Siding Franchising, Inc., a company in British Columbia, Canada was formed on April 25, 2019. The parent company to Ideal Siding Franchising, Inc. is Celsior Holding Group, Ltd. (“Celsior”), a British Columbia company that was incorporated on April 25, 2019. Celsior owns the System and the Marks. Pursuant to an inter-company license agreement between Celsior and Ideal Siding Franchising, Inc., Celsior has granted to Ideal Siding Franchising, Inc., and us the exclusive license to use the System and the Marks and to license the system and the Marks to others.

The following table summarizes the number of stores open and operating for the period from March 18, 2021 (Inception) through December 31, 2021:

	<u>2021</u>
Stores in operation, beginning	-
Stores opened	-
Stores terminated or closed	-
Stores in operation, ending	<u>-</u>
Franchised stores	-
Affiliate owned stores	-

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. Due to travel restrictions imposed by the Canadian government, officers of the Company have not been able to travel to the United States from Canada to open a bank account with a United States Bank. The further extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

**IDEAL SIDING FRANCHISING (USA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Development Stage Operations*

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

*Use of Estimates*

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021.

*Accounts Receivable*

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable is written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021, and did not charge-off any accounts receivable during the period from March 18, 2021 (Inception) through December 31, 2021.

*Property, Plant & Equipment*

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021.

*Intangible Assets*

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2021.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently five years. The Company has no revenue from initial fees during the period from March 18, 2021 (Inception) through December 31, 2021.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 8% of gross sales, subject to annual minimum royalties. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from March 18, 2021 (Inception) through December 31, 2021.

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, “Income Taxes.” Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 “Accounting for Uncertainty in Income Taxes,” (formerly “FIN 48”). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

**IDEAL SIDING FRANCHISING (USA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (continued)*

The Company does not have any unrecognized tax benefits as of December 31, 2021, which if recognized would affect the Company's effective income tax rate. The Company has net operating loss of approximately \$700 to carry forward to offset future taxable income.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense the period from March 18, 2021 (Inception) through December 31, 2021, was \$0.

*Recently Issued Accounting Pronouncements*

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**NOTE 2 – STOCK SUBSCRIPTION RECEIVABLE**

Stock subscription receivable at December 31, 2021, consists of the purchase by the Company's parent of 1,000 shares of the Company's stock for the purchase price of \$10.00.

**NOTE 3 – DUE TO SHAREHOLDERS**

At December 31, 2021, the Company's shareholders had paid expenses of \$23,539 on behalf of the Company. The advances bear no interest, are due on demand and not collateralized. The Company expects to repay these advances from future operational earnings.

**NOTE 4– COMMITMENTS AND CONTINGENCIES**

*Litigation*

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 5 - SUBSEQUENT EVENTS**

*Date of Management's Evaluation*

Management has evaluated subsequent events through March 2, 2022, the date on which the financial statements were available to be issued.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Ideal Siding Franchising (USA) Inc.**

**Financial Information**

(in US Funds)

Period Ended March 1, 2022

**Ideal Siding Franchising (USA) Inc.**

**Index to Financial Information**

(in US Funds)

Period Ended March 1, 2022

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COMPILATION ENGAGEMENT REPORT	1
FINANCIAL INFORMATION	
Balance Sheet	2
Statement of Loss and Deficit	3
Notes to Financial Information	4

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## COMPILATION ENGAGEMENT REPORT

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To the Shareholders of Ideal Siding Franchising (USA) Inc.

On the basis of information provided by management, we have compiled the balance sheet of Ideal Siding Franchising (USA) Inc. as at March 1, 2022, and the statement of income and deficit for the period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We have not performed an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Merge CPA Inc.  
Chartered professional accountant  
March 28, 2022  
Vancouver, British Columbia

**Ideal Siding Franchising (USA) Inc.**

**Balance Sheet**

(in US Funds)

March 1, 2022

	2022	2021
	\$	\$
	-	-
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>CURRENT</b>		
Accounts payable	1,338	544
<b>DUE TO SHAREHOLDERS</b>	<b>25,603</b>	24,230
	<b>26,941</b>	24,774
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (Note 3)	10	10
Deficit	(26,951)	(24,784)
	<b>(26,941)</b>	(24,774)
	-	-

**APPROVED BY SOLE DIRECTOR**

*Aliaksander Filipuk* Director

The accompanying notes are an integral part of these financial information

**Ideal Siding Franchising (USA) Inc.**

**Statement of Loss and Deficit**

(in US Funds)

Period Ended March 1, 2022

	<b>2022</b>	2021
	<b>\$</b>	\$
<b>EXPENSES</b>		
Professional fees	<b>2,167</b>	24,240
<b>NET LOSS</b>	<b>(2,167)</b>	(24,240)
DEFICIT - BEGINNING OF PERIOD	<b>(24,784)</b>	(544)
<b>DEFICIT - END OF PERIOD</b>	<b>(26,951)</b>	(24,784)

The accompanying notes are an integral part of these financial information

## Ideal Siding Franchising (USA) Inc.

### Notes to Financial Information

(in US Funds)

Period Ended March 1, 2022

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#### 1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the balance sheet of Ideal Siding Franchising (USA) Inc. as at March 1, 2022, and the statement of loss and deficit for the period then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts payable and accrued liabilities

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#### 2. DESCRIPTION OF BUSINESS

Ideal Siding Franchising (USA) Inc. (the "company") was incorporated provincially under the laws of the State of Delaware on March 18th, 2021. The company's principal business activity is to develop, operate and maintain Ideal Siding franchised businesses in the United States.

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#### 3. SHARE CAPITAL

	2022	2021
	\$	\$
Issued:		
Common shares	10	10

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**EXHIBIT F**  
**STATE ADDENDA**

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

The Franchise Disclosure Document of Ideal Siding, for use in the State of Minnesota, shall be amended as follows:

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C.21 (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):
  - (a) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
  - (b) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
7. The collection of initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business. The franchisor will require the franchisee to place the initial franchise fees in a separate account and provide documentation to the franchisor that the funds are available.

*[Signature page follows.]*

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR NAME

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

## **ADDENDUM REQUIRED BY THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 17(m) of the Franchise Disclosure Document is hereby deleted.

Section 9.4 of the Franchise Agreement waivers are hereby deleted.  
Section 15.6 of the Franchise Agreement is hereby deleted in accordance with RCW 19.100.180.

Section 20.7 of the Franchise Agreement is hereby deleted in accordance with RCW 19.100 and RCW 19.100.180(2)(g).

Acknowledgements #1, #3, #4, #5, and #12 of the Franchisee Acknowledgement Statement are hereby waived in accordance with RCW 19.100.220(2), RCW 19.100 and RCW 19.100.180(2)(g).

Attachment 5 of the Franchise Agreement relating to the General Release is hereby waived in accordance with RCW 19.100.220

In the state of Washington, pursuant to WAC 460-80-460, franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR FRANCHISEE

## STATE EFFECTIVE DATES – 2021

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
--------------	-----------------------

Washington	Pending
Minnesota	Pending
Wisconsin	Pending

**EXHIBIT G**

**RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF IDEAL SIDING FRANCHISING (USA) INC.**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Ideal Siding Franchising (USA) Inc., offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Ideal Siding Franchising (USA) Inc., does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Aleksander Filipuk 1104-2980 Atlantic Ave, Coquitlam, BC, Canada, V3B 0G2
--

Issuance Date: March 3, 2022

I received a Disclosure Document dated \_\_\_\_\_, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1-11.
- EXHIBIT C: Financial Statements of Ideal Siding Franchising (USA) Inc
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: State Addenda
- EXHIBIT G: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

Please return signed receipt to Ideal Siding Franchising (USA) Inc.,  
1104-2980 Atlantic Ave, Coquitlam, BC, Canada, V3B 0G2

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Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

**KEEP FOR YOUR RECORDS**